Nova Scotia

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ANNUAL REPORT

for the fiscal year
ending July 31, 1989

Provincial Grain Commission

92-01489/

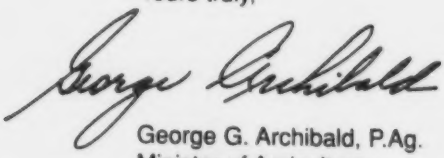
His Honour
The Honourable Lloyd R. Crouse, P.C.
Lieutenant-Governor of the
Province of Nova Scotia
Halifax, Nova Scotia

Dear Sir:

I have the honour to transmit herewith the Annual Report of the Provincial Grain Commission for the fiscal year ended July 31, 1989.

I am, Your Honour,

Yours truly,



George G. Archibald, P.Ag.
Minister of Agriculture
and Marketing

The Honourable George Archibald
Minister of Agriculture & Marketing
Province of Nova Scotia
P.O. Box 190
Halifax, N.S.
B3J 2M4

Dear Sir:

Presented herewith, in accordance with Section II (2) of the Provincial Grain Commission Act, is the Annual Report of the Provincial Grain Commission for the fiscal year ended July 31, 1989.

Respectfully submitted,

Ted Ueffing
Chairman

Robert E. Dechman
Secretary-Manager

PROVINCIAL GRAIN COMMISSION
ANNUAL REPORT
YEAR ENDING JULY 31, 1989

Commission Members

T. Ueffing—Chairman
E. Kidston—Vice-Chairman
R. Cooper
J. Peill
J. Goit
W. Cock
G. Parker

Staff

R. Dechman—Secretary-Manager
B. Barkhouse—Supervisor, Steam Mill Grain Centre
R. Quartermain—Grader
E. Canfield—Manager, Bayhead Grain Centre
D. Wilson—Manager, Middleton Grain Centre
M. Watters—Accounting Clerk

BACKGROUND

The Provincial Grain Commission was established by an act of the Legislature of Nova Scotia that was assented to by the Lieutenant-Governor on May 19, 1977. Under the act, grain means wheat, oats, rye, corn, fababeans, soybeans, field peas, rapeseed, and such other crops as may be designated by the Governor in Council.

Objectives

The objectives and powers of the Commission, as set down by the act, are:

1. to buy, sell, store, dry, grade, and distribute grain and to promote grain production;
2. to establish prices and make initial and final payments for grain purchased or marketed by the Commission;
3. to acquire, hold, or lease real and personal property;
4. to erect buildings and other works necessary for the purchase, sale, drying, storage, and handling of grain;

5. to administer grain production incentive programs as requested by the Minister;
6. to enter into and carry out agreements and arrangements for the operation, management, and control of grain-drying and storage facilities;
7. to carry out such other functions and discharge such other duties as the Minister may from time to time approve or determine.

With the approval of the Governor in Council, the Commission has made the regulations in the following areas:

- respecting the conditions of purchase, sale, and distribution of grain by the Commission;
- respecting the kinds, quantities, quality, and dates of purchase of grain purchased by the Commission;
- fixing the dates of advance and final payments each year;
- fixing rates charged for drying, storing, grading, and handling of grain handled by the Commission.

SUMMARY

Grain-Handling Facilities

The Commission operated three grain handling facilities in the province: one at Steam Mill, Kings County; one at Bayhead, Colchester County; and a third at Middleton, Annapolis County. The services of grading, drying, storage, assembling, and shipping were provided to grain producers at all three locations. Protein evaluation was done at the time of delivery on all loads of wheat.

The Commission assisted grain producers in the area of Colchester County by providing the service at a delivery point at Great Village and Debert. Grain delivered to these locations was shipped to the Bayhead Grain Centre for drying and cleaning in preparation for market.

Advance Payments

On July 5, 1988, the Commission established the rate of advance payment for the various grains and subsequently provided funds to the Nova Scotia Winter Grain Marketing Board for distribution to growers based on the amount of grain delivered. Advances were provided totalling $761,246.04.

OPERATIONAL REPORT

Advance Payments

The following table outlines the funds used, the tonnes delivered to the various marketing pools, and the advances received by each pool.

Table I
ADVANCE PAYMENTS BY COMMODITY

	Tonnes		Total Advances	
Type of Grain	**1987-88**	**1988-89**	**1987-88**	**1988-89**
Wheat	7,939	8,923	$542,376.16	$667,058.15
Rye	660	189	18,866.86	6,799.25
Barley	1,287	597	37,866.88	26,876.57
Oats	839	785	9,757.99	14,218.07
Hulless Oats	200	80	9,919.54	4,780.02
Corn	618	482	24,425.38	21,671.92
Canola	148	128	4,285.43	11,504.80
Soybeans	21	67	167.54	8,337.26
	11,712	11,251	$647,665.78	$761,246.04

Grain-Handling Facilities

The volume of grain handled by the Commission is shown in the following tables and is broken down by the type of grain, source, and location.

Table II
GRAIN HANDLED AT STEAM MILL GRAIN CENTRE
(Tonnes)

	1987-88			1988-89		
Types of Grain	**Local**	**Western**	**Total**	**Local**	**Western**	**Total**
Wheat	5,248.0	–	5,248.0	6,761.2	–	6,761.2
Rye	735.7	–	735.7	263.5	–	263.5
Barley	748.8	984.2	1,733.0	635.3	209.9	845.2
Oats	580.1	–	580.1	612.2	–	612.2
Corn	353.8	1,139.1	1,492.9	411.7	616.2	1,027.9
Soybean Meal	–	2,119.0	2,119.0	–	988.0	988.0
Hulless Oats	177.5	–	177.5	87.7	–	87.7
Canola Meal	–	–	–	–	10.6	10.6
	7,843.9	4,242.3	12,086.2	8,771.6	1,824.7	10,596.3

Table III
GRAIN HANDLED AT BAYHEAD GRAIN CENTRE
(Tonnes)

	1987-88			1988-89		
Types of Grain	**Local**	**Western**	**Total**	**Local**	**Western**	**Total**
Wheat	1,315.6	–	1,315.6	1,660.3	–	1,660.3
Rye	–	–	–	2.0	–	2.0
Barley	614.3	–	614.3	320.5	189.7	510.2
Oats	579.7	–	579.7	407.8	–	407.8
Corn	–	61.4	61.4	19.2	–	19.2
Hulless Oats	9.6	–	9.6	29.6	–	29.6
Canola	76.7	–	76.7	90.0	–	90.0
Soybeans	2.2	–	2.2	–	–	–
	2,598.1	61.4	2,659.5	2,529.4	189.7	2,719.1

Table IV
GRAIN HANDLED AT MIDDLETON GRAIN CENTRE
(Tonnes)

	1987-88			1988-89		
Types of Grain	**Local**	**Western**	**Total**	**Local**	**Western**	**Total**
Wheat	456.9	–	456.9	1,106.8	–	1,106.8
Rye	30.3	–	30.3	24.6	–	24.6
Barley	471.5	–	471.5	361.8	204.7	566.5
Oats	287.1	–	287.1	327.5	–	327.5
Corn	46.0	268.3	314.3	572.4	43.4	615.8
Hulless Oats	2.3	–	2.3	–	–	–
	1,294.1	268.3	1,562.4	2,393.1	248.1	2,641.2

ACKNOWLEDGEMENTS

The Provincial Grain Comnmission wishes to acknowledge the assistance received from producers and producer associations: in particular, the Nova Scotia Grain Marketing Board, and the work it has done on behalf of all grain producers in the province.

The Commission wishes also to acknowledge the co-operation received from the milling industry and the livestock feed trade organizations in the province for their assistance in marketing and handling the local crop.

In conclusion, the Commission wishes also to acknowledge the contributions of its operational staff in the dedication to their work and the effort they have put forward to serve their clientele.

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
FINANCIAL STATEMENTS
JULY 31, 1989

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
FINANCIAL STATEMENTS
JULY 31, 1989

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AUDITOR'S REPORT

To the Chairman and Members of the
Provincial Grain Commission; and
To the Minister of Agriculture and Marketing

I have examined the balance sheet of the Provincial Grain Commission as at July 31, 1989 and the statement of income and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at July 31, 1989, and the results of its operations for the year then ended, in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
September 26, 1989

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
BALANCE SHEET
AS AT JULY 31, 1989

ASSETS

	1989	1988
Current		
Cash (Note 3)	$1,495,850	$1,538,875
Accounts receivable	124,891	62,915
Accrued interest	10,439	6,377
Grain inventory	56,959	42,038
	$1,688,139	$1,650,205

LIABILITIES AND EQUITY

Current		
Accounts payable	$29,086	$24,492
Due to Producers	3,038	–
Long Term		
Advance from Province of Nova Scotia	950,000	950,000
Retained Earnings	706,015	675,713
	$1,688,139	$1,650,205

APPROVED ON BEHALF OF THE BOARD

Chairman

Member

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDING JULY 31, 1989

	1989	1988 (restated)
Revenues		
Grain Centre revenues (Schedule A)	$250,896	$230,546
Profit on Commission-owned grain	11,546	41,832
Other	17,116	19,110
Other facilities	4,647	866
	284,205	292,354
Expenses		
Grain Centre operating expenses (Schedule A)	502,265	426,827
Handling fees, other facilities	42,642	26,598
	544,907	453,425
Operating loss	260,702	161,071
Administrative expenses		
Construction and equipment purchases (Notes 2 and 6)	473,691	165,650
Salaries	92,660	102,736
Travel and meetings	18,012	22,585
Office expenses	19,781	16,181
Provision for bad debts	3,570	11,380
Other	11,513	13,973
	619,227	332,505
Less: Interest income	96,801	68,934
	522,426	263,571
Loss before Government contribution	783,128	424,642
Contributions by the Province of Nova Scotia (Notes 2 and 6)	813,430	485,432
Net income before extraordinary item	30,302	60,790
Extraordinary item (Note 4)	–	50,000
Net income	30,302	10,790
Retained earnings, beginning of year	675,713	664,923
Retained earnings, end of year	$706,015	$675,713

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1989

1. Authority

The Provincial Grain Commission was established by the Provincial Grain Commission Act in 1977. Its purpose is to provide grain drying, storage and handling facilities for the farmers of NovaScotia. During the year three facilities were in operation, one in Steam Mill, Kings Co., one in Bayhead, Colchester Co., and one in Middleton, Annapolis Co.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the following polices.

a) Fixed Assets:

Purchases of capital equipment and machinery are expensed in the year of acquisition. As well, costs relating to construction of facilities are expensed in the year incurred.

b) Contributions by the Province of Nova Scotia:

The Department of Agriculture and Marketing pays various operating and administrative expenses as well as some of the capital expenses of the Provincial Grain Commission.

c) Inventories:

Grain inventories owned by the Commission are valued at the market price on July 31, 1989. Grains in storage on behalf of producers are not reflected in these financial statements.

3. Cash

Cash includes both the general cash of the Commission, as well as funds to be used for advance payments to producers to cover the costs of producing grains.

The Commission is authorized to make advance payments to producers through the Nova Scotia Winter Grain Marketing Board. This program is funded by a $950,000 long-term advance from the Province of Nova Scotia. The advances are recovered when the Nova Scotia Winter Grain Marketing Board sells the grains. As at July 31, 1989, $867,458 (July 31, 1988—$949,907) was still available to be advanced to producers.

	1989	1988
General operating accounts	$303,795	$319,394
Interest on advance payment account	324,597	269,574
Advance payment account	867,458	949,907
	$1,495,850	$1,538,875

4. Extraordinary Item

During a prior year the Commission was named as a third party in a lawsuit by a farmer against a feed distributor. The payment of $50,000 represented an out-of-court settlement between the Commission and the farmer without the Commission acknowledging any responsibility for the losses.

5. Comparative Figures

Certain prior year's comparative figures, in the Statement of Income and Retained Earnings as well as Schedule A, have been reclassified to conform with the presentation adopted for the current year.

6. Restatement of Prior Year's Information

Two accounts, Construction and Equipment Purchases, and Contributions by the Province of Nova Scotia, have each been restated on the Statement of Income and Retained Earnings for the 1988 fiscal year. An amount of $113,412 has been added to each of these accounts to reflect expenditures made that year for the Commission, and paid directly by the Department of Agriculture and Marketing. These were inadvertently not included in the 1988 financial statements of the Commission. However, the omission of those amounts had no effect on the net income for the 1988 fiscal year.

GRAIN CENTRE OPERATIONS
FOR THE YEAR ENDED JULY 31, 1989

	Steam Mill		Bayhead		Middleton		Total	
	1989	1988	1989	1988	1989	1988	1989	1988
Revenues								
Handling and drying fees	$143,350	$159,785	$51,516	$50,120	$56,030	$20,641	$250,896	$230,546
Operating Expenses								
Salaries	130,704	113,038	83,778	79,723	72,066	50,608	286,548	243,369
Insurance	23,990	23,142	8,672	8,016	8,786	8,576	41,448	39,734
Maintenance, rentals and repairs	28,688	22,788	40,736	35,046	17,530	7,637	86,954	65,471
Electricity	13,412	13,739	11,856	11,988	8,141	3,949	33,409	29,676
Fuel	16,612	15,828	15,825	10,650	9,242	3,616	41,679	30,094
Trucking	1,105	3,703	6,570	10,760	286	45	7,961	14,508
Storage	471	–	87	–	–	–	558	–
Other	2,688	897	600	2,658	420	420	3,708	3,975
	217,670	193,135	168,124	158,841	116,471	74,851	502,265	426,827
Operating loss	$74,320	$33,350	$116,608	$108,721	$60,441	$54,210	$251,369	$196,281